

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
DODE-00 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04 NSAE-00
NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04 ITC-01
TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01 AF-08
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FM AMEMBASSY ATHENS

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E.O. 11652: N/A

TAGS: ETRD, GR

SUBJECT: GOG PROTESTS POSSIBLE US IMPORT RESTRICTIONS

AGAINST NON-RUBBER FOOTWEAR

REF: A. STATE 003125, B. STATE 003596

1. SECRETARY GENERAL GEORGE THEOFANOUS OF GREEK MINISTRY OF COORDINATION CALLED IN COMATT JANUARY 12 TO PROTEST PROPOSED QUOTA ON US IMPORTS OF GREEK NON-RUBBER FOOTWEAR. GOG HAD APPARENTLY RECEIVED THROUGH ITS EMBASSY A SUMMARY OF ITC RECOMMENDATIONS TAKEN FROM WALL STREET JOURNAL.

2. THEOFANOUS POINTED OUT THAT NON-RUBBER FOOTWEAR IS MOST IMPORTANT MANUFACTURED ITEM IN GREEK EXPORTS TO U.S., CURRENTLY ACCOUNTING FOR NEARLY 30 PERCENT OF TOTAL EXPORTS TO US, (63 PERCENT OF ALL 1975 GREEK FOOTWEAR EXPORTS).

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GIVEN CHRONIC DEFICIT IN TRADE WITH U.S. OF APPROX. DOLLARS 280 MILLION ANNUALLY, PROPOSED QUOTA WOULD HAVE SERIOUS IMPLICATIONS. THEOFANOUS NOTED THAT GREEK EXPORTS HAVE LIMITED POTENTIAL IN US MARKET, AND THAT TWO-WAY TRADE WOULD BENEFIT FROM DEVELOPMENT OF THE FEW PROMISING AREAS, SUCH AS FOOTWEAR. FINALLY, HE COMMENTED THAT RESTRICTIONS ON FOOTWEAR IMPORTS

ALSO SEEM TO GOG INCONSISTENT WITH SPIRIT AND PHILOSOPHY OF GATT.

3. THEOFANOUS REPORTED THAT IN RECENT YEARS SHARE OF FOOTWEAR IN OVERALL GREEK EXPORTS TO U.S. HAS RISEN FROM 13.9 PERCENT IN 1973 TO 29.6 PERCENT IN 1975. PAIRS OF NON-RUBBER FOOTWEAR EXPORTED TO U.S. TOTALED 3,620,110 IN 1975 AND 2,220,518 IN FIRST SIX MONTHS OF 1976, SO THAT 3.2 MILLION QUOTA WOULD BE DEFINITELY RESTRICTIVE.

4. COMMENT: WE BELIEVE PROPOSED QUOTA IS LIKELY TO HAVE SERIOUS EFFECT ON U.S. TRADE RELATIONS WITH GREECE. AS DEPARTMENT AWARE, MAJOR PROJECTS HERE ARE AWARDED BY PUBLIC TENDER AND FINAL DECISION IS USUALLY MADE AT CABINET LEVEL. RESTRICTION OF FOOTWEAR EXPORTS BY PROPOSED QUOTA IS LIKELY TO PROVOKE STRONG REACTION AND COULD CAST A PALL OVER PENDING PROCUREMENT DECISIONS. (ISSUE APPEARED IN ATHENS PRESS FOR FIRST TIME JANUARY 13 AND IS EXPECTED TO GENERATE CONSIDERABLE FURTHER PUBLICITY WHEN IMPLICATIONS FOR GREECE BECOME KNOWN.) THEOFANOUS, WHO IS ALSO CHAIRMAN OF OLYMPIC AIRWAYS, COMMENTED ON THE PARADOX OF OLYMPIC'S RECENT DECISION TO PROCURE PACKAGE OF \$80 MILLION IN BOEING 737 AND 747 AIRCRAFT AND U.S. COMPUTERS, IF U.S. IS SIMULTANEOUSLY TAKING ACTION TO RESTRICT IMPORTS OF SINGLE MOST IMPORTANT COMMODITY FROM GREECE. IT SHOULD BE FURTHER NOTED THAT GOG'S DECISION LAST YEAR TO PURCHASE DOLLARS 36 MILLION IN BOEINGS WAS MADE UNDER CONSIDERABLE POLITICAL FIRE. THE PROPOSED US ACTION RESTRICTING A MAJOR GREEK INDUSTRIAL EXPORT WOULD MAKE IT MORE DIFFICULT FOR THE GOVERNMENT TO RESIST VOICES CALLING FOR PREFERENTIAL TREATMENT TO EC SUPPLIERS GIVEN GREECE'S PENDING APPLICATION FOR FULL EC MEMBERSHIP. LIMITED OFFICIAL USE

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5. GIVEN SENSITIVITY OF THIS ISSUE, WE STRONGLY RECOMMENT CONSIDERATION OF POSSIBLE EXCEPTION FOR GREECE, OR SUBSTANTIAL UPWARD REVISION OF QUOTA. IN THIS CONNECTION, EMBASSY WOULD APPRECIATE FURTHER INFORMATION ON BASIS FOR DETERMINATION OF PROPOSED GREEK QUOTA. IN THIS CONNECTION, EMBASSY WOULD APPRECIATE FURTHER INFORMATION ON BASIS FOR DETERMINATION OF PROPOSED GREEK QUOTA. EMBASSY UNDERSTANDS THAT COUNTRY QUOTAS ALLOCATED BY ITC TO OTHER EXPORTERS, INCLUDING ITALY, ARE WELL ABOVE CURRENT LEVELS OF NON-RUBBER FOOTWEAR EXPORTS TO US. IN CASE OF GREECE, BASED ON ESTIMATED 1976 EXPORTS TO US OF 4.5 MILLION PAIRS, QUOTA WOULD REPRESENT 29 PERCENT REDUCTION. SINCE FOOTWEAR IS MAJOR MANUFACTURED ITEM IN GREEK TRADE WITH US, GOG VIEWS PROPOSED QUOTA AS SERIOUS DISTORTION OF PRESENT TRADE. GOG IS CURRENTLY PREPARING FORMAL DOCUMENT OUTLINING ITS POSITION ON PROPOSED FOOTWEAR QUOTA WHICH EMBASSY WILL SUBMIT AS SOON AS RECEIVED. WE UNDERSTAND THAT GOG IS ALSO INSTRUCTING EMBASSY IN WASHINGTON TO MAKE DEMARCHE ON THIS QUESTION. MILLS

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Message Attributes

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